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Letter No. 2291

December 3, 1986

**DEFICIENCY
PAYMENTS**

The U.S. Department of Agriculture will make approximately \$2 billion 100 million in additional deficiency payments to eligible producers of 1986-crop wheat, barley and oats. Eligible wheat farmers will receive about \$2 billion; barley producers about \$55 million, and oat producers about \$25 million in additional deficiency payments for this year's crops. About \$1 billion 400 million in advance deficiency payments has already been paid to wheat producers; \$150 million to barley producers and \$15 million to oat producers.

**U.S. CORN EXPORT
FORECAST**

The 1986/87 U.S. export forecast for corn was decreased by 2 million 600 thousand tons to 33 million tons, largely as a result of a 25 pct. fall to 8 million 800 thousand tons in expected purchases by the USSR. This export forecast by the U.S. Department of Agriculture is still a modest improvement of 1 million 500 thousand tons over the previous year, and the estimated U.S. share of world trade remains at around 58 percent.

**CANADIAN WHEAT
AND THE WEATHER**

A spell of heavy rain during Sept. and Oct. delayed harvesting of the latter half of a record Canadian crop of 31 million 300 thousand tons, resulting in a decline in the quality of the 1986 wheat crop. The feed wheat estimate is 5 million 300 thousand tons. According to the U.S. Department of Agriculture, sales of this feed wheat are likely to compete directly with U.S. corn, particularly in Korea and Mexico. Canada has already exported 44,000 tons of feed wheat to Mexico.

**CORN FOR
TAIWAN**

South Africa has agreed to supply Taiwan with 1 million 800 thousand tons of corn from Jan. 1987 through Dec. 1989, according to the U.S. Department of Agriculture. The return of South Africa to Taiwan's corn market may displace U.S. corn since the U.S. supplied virtually all Taiwan's corn for the past few years, amounting to about 3 million tons per year over the past 3 years.

**EXPORT VOLUME
TO RISE**

Led by lower prices, the volume of U.S. agricultural exports is expected to rise to 116 million 500 thousand tons in fiscal 1987, according to the U.S. Department of Agriculture. The over 9 million ton increase from 1986 is due to larger grain and cotton shipments. Export value for 1987 may decline slightly to \$26 billion, down \$300 million from 1986, as lower prices offset volume increase.

RECORD FOREIGN
GRAIN PRODUCTION

Record foreign wheat and coarse grain production and a potential rebound in foreign soybean harvests will constrain U.S. agricultural exports in fiscal 1987, according to the U.S. Department of Agriculture. The Soviet Union, a leading grain importer, appears to have harvested its biggest grain crop in 7 years. World grain trade is expected to remain comparatively low and strongly competitive, with exportable surpluses in many countries that are not traditional exporters.

DAIRY TERMINATION
CONTINUES

An estimated 9,700 head of dairy cattle were slaughtered in federally-inspected plants during the week ending Nov. 15 as a result of the Dairy Termination Program, according to the U.S. Department of Agriculture. The cumulative total of cattle slaughtered under the program from April 1 through Nov. 15 is estimated at 861,800 head.

CCC LOAN INTEREST
RATE: 5-3/4%

Commodity loans disbursed in Dec. by the U.S. Department of Agriculture's Commodity Credit Corporation will carry a 5-3/4 pct. interest rate, according to the U.S. Department of Agriculture. The rate is the same as in November.

U.S. WHEAT TO
ARGENTINA

For the first time since 1973, Argentina has reportedly purchased 12,500 tons of U.S. durum wheat for December delivery, according to the U.S. Department of Agriculture. This reflects a shortfall in domestic durum production. There is the potential for additional purchases of 35,000 to 55,000 tons of either U.S. or Canadian durum. The rapid decline in durum wheat production in Argentina from a peak of 700,000 tons in 1968 to 30,000 to 50,000 tons in 1985 is due to the introduction of higher yielding varieties of other wheats with higher net returns.

AUSTRALIAN WHEAT
TO USSR

The recent sale of 550,000 tons of new crop Australian wheat to the USSR for delivery before Jan. 1, 1987, means that Australia will remain a major contender in this year's diminishing USSR wheat market, according to the U.S. Department of Agriculture. Last year, 1985/86, Australia shipped a total of 3 million 200 thousand tons, accounting for 20 pct. of the USSR's wheat import market. The expansion by Australia into the USSR has been largely at the expense of the U.S. and Argentina. These two countries combined had wheat sales in 1985/86, accounting for less than 5 pct. of the market. In contrast, in 1984/85, the U.S. accounted for 21 pct. and Argentina 15 pct. of USSR wheat purchases.

AUSTRALIA WHEAT
TO CHINA

Australia has sold 1 million 500 thousand tons of wheat to China for delivery between Jan. and May 1987, according to the U.S. Department of Agriculture. This sale continues the recent upward trend in Australian wheat exports to China, which have virtually doubled from a 5-year average of 1 million 400 thousand tons to the 2 million 700 thousand tons shipped in 1985/86. Meanwhile, U.S. wheat exports to China have declined steadily from a peak of 8 million 700 thousand tons in 1980/81 to 541,000 tons in 1985/86, a 95 pct. reduction.

FROM OUR
TELEVISION
SERVICE

CURRENT U.S. WEATHER UPDATE...Colder temperatures are setting in and farmers are now preparing various crops, lands and livestock for the winter season. USDA chief meteorologist Dr. Norton Strommen focuses on the latest weather and crop update for the U.S. DeBoria Janifer interviews. (331)

GOVERNMENT PROGRAMS AND FARM SURVIVAL...Dave Lins, University of Illinois, takes a look at advantages and disadvantages of Government programs and how Government payments can sometimes make the difference between surviving on the farm or not. Gary Beaumont interviews. (332)

FARM VALUE, LABOR AND THE FOOD DOLLAR...The cost of labor to transform farm commodities into consumer-ready foods is taking an increasing share of the food dollar while the share going back to the farmer is declining. USDA economist Denis Dunham talks about reasons behind this situation. DeBoria Janifer interviews. (333)

NEW TAX LAWS AND AGRICULTURE...USDA economist Terry Townsend describes some of the changes in the new tax law recently signed by President Reagan, and how these changes will affect agriculture. Vic Powell interviews. (334)

CHANGES IN AGRICULTURAL PROGRAMS...Federal agricultural programs were altered by the 99th Congress during the last days before adjournment. USDA economist Terry Townsend reviews those changes and their impact on agricultural producers. Vic Powell interviews. (335)

FROM OUR RADIO
SERVICE

AGRICULTURE USA #1541...(Weekly 13½ min documentary) Where's the Beef? On this edition of Agriculture USA, Gary Crawford talks with several experts about what's happening to the beef industry and what producers are trying to do about it.

AGRITAPE/FARM PROGRAM REPORT #1541...(Weekly reel of news features) USDA news highlights; 1986 deficiency payments; Diversifying farm operations; Agriculture outlook '87; Smart farm machines.

CONSUMER TIME #1022...(Weekly reel of 2½-3 min. features) Last minute Christmas Tree advice; Posies at the marketplace; Holiday charge card dangers; Female exercises and disease; Hearing problems.


USDA RADIO NEWS SERVICE...Wed, Dec. 10, Crop production, World agriculture supply and demand; Fri, Dec. 12, Milk production; Mon, Dec. 15, Cattle on feed, Tobacco; Tues, Dec. 16, Dairy, weekly crop and weather. Dial the USDA National News Line 202-488-8358 or 8359. All material changed at 5 p.m. ET each working day.

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OFF MIKE

Wey Simpson left KXLY in Spokane, November 28, and is back at his old stompin' grounds. Only it's not KHQ anymore. New owners changed the call letters to KAQQ. Wey's new phone number is 509-488-4617 ... Kathleen Loneragan (Agri Radio Net, Little Rock, AR) has been a frequent visitor to our radio studio much of this week. She's been covering the annual USDA Outlook Conference. We understand some other broadcasters have been around, but so far we haven't seen them to find out who they are ... More catching up information from the NAFB meeting in Kansas City: For instance, we learned that Conrad Burns (Northern Ag Net, Billings, MT) was elected county commissioner of Yellowstone County. We met the NAFB Scholarship winners. They are: Pamela Jahnke, University of Wisconsin, \$2,000; Michael Shannon, University of Arizona, \$1,500; Lori Sticzka, So. Dakota University, \$1,500; Karl Fruendt, University of Oklahoma; and Anita Hughes, Auburn University, \$1,500. The four \$1,500 scholarships were made possible by a grant from R.J.Reynolds/Nabisco. And the first place scholarship was increased \$500 to \$2,000 by a Dana and Edith Bennett grant. We also honored some long-timers in NAFB. Receiving a 30-year tenure award was Evan Slack (Evan Slack Net, Denver, CO); 35-year awards went to Jack Crowner (Farm Service Net, Louisville, KY, Keith Kirkpatrick (WHO, Des Moines, IA), and Bill McReynolds (WOAI, San Antonio, TX); a 40-year award was presented to Harry Martin (Indiana Rural Radio Net, New Palestine, IN); and, believe it or not, NAFB has two 50-year tenure award members. They are Herb Plambeck, Des Moines, IA, and Bob Buice (Agri Radio Net, Little Rock, AR) ... Finally, Skip Ragland (Ciba-Geigy, Greensboro, NC) offered a free copy of John Baker's book, "Farm Broadcasting: The First 60 Years" to anyone who wants one, as long as the supply lasts. His company acquired the final supply of the book from the publisher.



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